

A message was received from the Governor, and, on motion of Mr. Camp, the rules were suspended to allow the reading of the same.

EXECUTIVE OFFICE,
Austin, August 4, 1870.

Hon. IRA H. EVANS,

Speaker of the House of Representatives:

SIR: I return herewith "An Act to organize, incorporate and aid the East Line and Red River Railroad Company of Texas," which originated in your House.

I find that this act proposes to guarantee the interest at seven per cent., gold, on thirty thousand dollars to the mile for a railroad running from Beaumont, Jefferson county, to a point on Red River at or near Preston, in Grayson county, and also the same guarantee for a branch from, at or near, Sherman or Kentucky Town, in Grayson county, to the city of Jefferson, in Marion county.

The length of main line and branch, which it is thus proposed to guarantee, would be, together, in a straight line, more than four hundred and fifty miles. Actually, it would probably exceed five hundred miles, if built under this charter. The amount of bonds, then, which might be issued under the charter, and for the interest

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of which, at seven per cent., the State would be responsible, would amount to fifteen millions of dollars.

To state this proposition, seems to me to be sufficient to condemn it, but there are other reasons why the act should be reconsidered.

It is not at all likely that the roads proposed to be built would, in good faith, cost thirty thousand dollars per mile. A railroad even of the widest gauge used in our State would not, on the routes proposed, cost beyond twenty thousand dollars to the mile on an average; my information leads me to believe that they would not cost so much. This arrangement would, therefore, open the door to the speculation of the issuance of guaranteed bonds at thirty thousand dollars per mile, when, as the railroad would actually cost ten thousand dollars less, the speculator might pocket the difference and leave the State to take the road and pay the interest. If it is proposed to aid the building by this system of guarantee, the amount of bonds should certainly be limited to the actual cost of the road. While this system may be the safest for the State to adopt, still capitalists, who propose to engage in constructing roads, should be required to invest some of their own money.

There are other objections to the act, but of these I will only mention the further one, that we have no assurance of the responsibility of the corporators herein, or their willingness to engage in this enterprise.

The names of several citizens of Texas are inserted, but I am informed that all of these have not been consulted. As regards the corporators living out of the State, I have no assurance of their responsibility, or that those of them (if any) who have capital to invest, propose in good faith to do so here.

I believe it is the desire of all that charters should not be granted to parties who may use them with the purpose of selling out on speculation.

Respectfully,

EDMUND J. DAVIS,
Governor.

Mr. Harn moved that the message be referred to a select committee of five.

Carried.